

YOUR SAVINGS PROGRAM

Who's Going to Get It When I'm Gone ?

Naming a Savings Program Beneficiary

We established in a prior newsletter that you "can't take it with you" and then we later established that "you can't leave it here," (at least not all of it after you reach age 70 ½.) Let's now examine the question of "who's going to get it when I'm gone?" Seriously, as the Saving Program account balances grow to be one of the largest financial assets of our participants, the timely and proper selection of a beneficiary is a very important decision.

Why should I name a beneficiary now?

By naming a beneficiary, you can decide who will receive your remaining

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Savings Power-A Key to Financial Security

Welcome to One Call

The Savings Program is proud to have the Customer Service Representatives and the Interactive Voice Response System helping our participants in answering their benefit questions.

One Call Does It All

1-877-TO-1-CALL (1-877-861-2255) or
574-1500





retirement assets after your death. For some of our participants, properly selecting a beneficiary can reduce estate taxes.

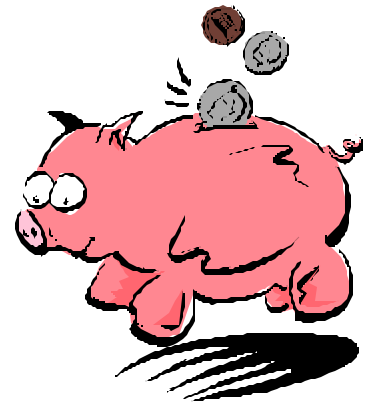
Are there special restrictions in our Program?

Because our Savings Program is a “qualified retirement plan”, certain rules apply to our plan that may not apply to your decisions on other financial assets. As required by law, if you have been married at least one year, by default, your beneficiary is your surviving spouse. If you have been married at least one year and you choose to name someone other than your spouse as your beneficiary, the law requires for you to

obtain your spouse’s written consent. The consent must be in writing and notarized by a notary public to be valid. Without a valid spousal consent, the plan rules as required by law will apply, regardless of your designation.

Why is naming a beneficiary so important?

If you are not married and you do not name a beneficiary, your Savings Program balance will be distributed to your estate’s personal representative if one is identified. It will be the responsibility of the personal representative to see that the distribution of your assets is in accordance with the appropriate laws. If no personal representative is identified your account balance will then will pass to your heirs at law through the probate process. While this may be a perfectly satisfactory distribution in your mind, you should be the one that makes the decision, not the rules of the Savings Program or the law. Assets passing through an estate may end up in the hands of those you would have chosen, but they will do so only after a delay and at a potential cost to you or your estate, by passing through probate court.



Can I determine what amount each beneficiary receives?

Yes, you may name a primary and secondary beneficiary. In fact you may name multiple pri-

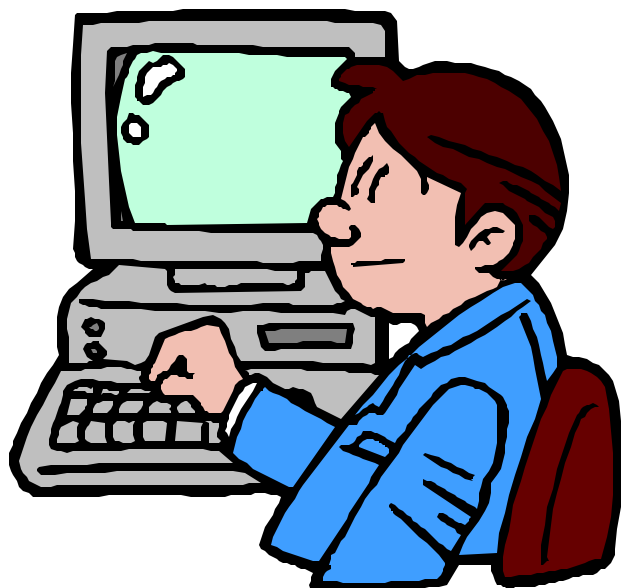


mary and multiple secondary beneficiaries. Let’s examine these terms. Your primary beneficiary is the individual or individuals, trust, or charity that is first in line to receive any remaining assets in your Savings Program after your death. If you name multiple primary beneficiaries, each of the primary beneficiaries will share equally in your assets, unless you decide against this in advance. You have the right to choose what percentage each of the primary beneficiaries receives. If after naming your primary beneficiaries, one of the primary beneficiaries dies, your assets will be divided among the remaining primary beneficiaries.

You may also name secondary beneficiaries. If there are no surviving primary beneficiaries at the time of your death, your Savings Program balance will be divided among the secondary beneficiaries as you select. If at your death, there are no surviving primary or secondary beneficiaries, your assets will be distributed to your estate and will be distributed to your heirs as determined by state law.

Who can you name as a beneficiary?

Under the new Savings Program, with the appropriate spousal consent, you may name individuals, charities and trusts as beneficiaries. Most of our participants name individuals as benefi-



aries. If you name individuals, it will be necessary to provide name, social security numbers and dates of birth. If you name a minor as a beneficiary, you will need to also name the person who will act as custodian of the Savings Program proceeds for the minor. By naming the custodian, you avoid having the court appoint a custodian for the minor. If you name your estate as the beneficiary, the Plan Administrator will assume that you have named no primary or secondary beneficiaries and that you intend the distribution to be that required by law.

If you name charities or trusts as beneficiaries, it will be necessary for you to provide the information necessary for the Savings Program to properly locate and notify the charity or trust representatives upon your death. It will be necessary for the charity and/or trust to provide a taxpayer identification number to the Savings Program. It is very important that you specifically identify the charity and/or trust, especially when there are multiple beneficiaries. It is imperative that the Savings Program be able to have the representative of the trust come forward at your death and present the necessary documents to provide for the orderly transfer of funds.

How do I make my choices?

State Street Bank will provide you a beneficiary designation form, each time that you request one by calling the toll free number. Upon completion of the form, it is returned to the Plan Administrator. The Plan Administrator will then notify State Street Bank at the time of death as to your beneficiary designations. The last form on file with the Plan Administrator will be the form utilized at the time of your death. It is always wise to periodically review your designations. Family and financial situations change over time and possibly you might want to change your designations.

You finish first with a solid personal
financial plan.



**Keep In Touch
With Benefits Management
by Calling M.L. Moore at 423-574-9564
or sending an E-mail to ik5@ornl.gov**

